

CIA/OCI/BREF 147-75
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EAST ASIA BRIEF 147-75.4

((CHINA: FOR MORE THAN A YEAR, PEKING HAS BEEN FACED WITH PHENOMENA THAT IT SEEMS AT A LOSS TO HANDLE: STRIKES, ABSENTEEISM, AND SLOWDOWNS. THE PROBLEMS HAVE BEEN MOST PREVALENT IN THE STEEL AND RAILWAY INDUSTRIES AND HAVE NATURALLY HAD SOME ADVERSE EFFECT ON PRODUCTION.4 //

// ALTHOUGH CHINA'S LEADERS HAVE NOT HESITATED TO EXPRESS DISSATISFACTION AND HAVE ISSUED REPEATED EXHORTATIONS TO INCREASE PRODUCTION AND PUT AN END TO THE STRIKES, THEY APPARENTLY HAVE NEITHER TAKEN FIRM ACTION AGAINST THE STRIKES^R NOR FACED UP TO THE HEART OF THE PROBLEM-WAGES.4 //

// THE STRIKES HAVE SEEMED TO GROW OUT OF THE POLITICAL INSTABILITY OF THE ANTI-CONFUCIUS CAMPAIGN LAST YEAR. WHILE SOME FACTORIES WERE THROWN INTO DISARRAY AS WORKERS USED THE CAMPAIGN TO ATTACK FACTORY MANAGERS FOR POLITICAL WRONG-DOING, THE WORKERS APPARENTLY SEIZED THE OPPORTUNITY TO PRESS HOME THEIR DEMANDS FOR HIGHER WAGES.4//

// IT WAS THE FIRST WIDESPREAD WORKER ACTION FOR ECONOMIC REASONS SINCE JANUARY 1967, WHEN SIMILAR ACTIVITY SURFACED IN THE MIDST

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OF THE CONFUSION OF THE CULTURAL REVOLUTION.Y

A WARNING DIRECTIVE.Y

WHEN THE STRIKES BEGAN LAST YEAR, PEKING QUICKLY ISSUED A DIRECTIVE WARNING WORKERS TO RETURN TO THEIR JOBS OR FACE A LOSS OF PAY-A THREAT THAT APPARENTLY WAS FOLLOWED UP IN ENOUGH CASES TO BRING MOST STRIKES UNDER CONTROL. THE DIRECTIVE PROMISED THAT THE WAGE ISSUE WOULD BE INVESTIGATED. THE STRIKE PROBLEM SEEMED TO SUBSIDE.Y

STRIKES, HOWEVER, ARE BACK AGAIN THIS YEAR. THE NATIONAL PEOPLE'S CONGRESS, CHINA'S LEGISLATURE, MET IN JANUARY BUT FAILED TO DEAL WITH THE WAGE ISSUE. THIS FAILURE UNDOUBTEDLY FUELED WORKER FRUSTRATION. FOR AT LEAST FIVE YEARS, AS THE CHINESE PEOPLE WAITED FOR THE OFT-POSTPONED CONGRESS TO MEET, THEY EXPECTED THE CONGRESS TO PASS A WAGE HIKE. THESE EXPECTATIONS WERE FANNED BY INDICATIONS THAT A SMALL WAGE INCREASE WAS ON THE AGENDA FOR THE CONGRESS.Y

THE NEW CONSTITUTION ADOPTED AT THE CONGRESS GAVE THOSE WORKERS THE RIGHT TO STRIKE, A PROVISION INCLUDED AT THE INSISTENCE

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OF CHAIRMAN MAO TSE-TUNG. GIVEN THE DJM VIEW THE CHAIRMAN TAKES OF THOSE WHO SEEK MATERIAL BENEFITS, IT IS UNLIKELY THAT HE WAS INDIRECTLY ENCOURAGING WALKOUTS ON ECONOMIC GROUNDS; HE PROBABLY HAD POLITICAL ISSUES IN MIND. NEVERTHELESS, THE AFFIRMATION OF THE CONSTITUTIONAL RIGHT TO STRIKE GAVE THE WORKERS A LEGAL OUTLET FOR THEIR GROWING FRUSTRATION.//4

//THE WAGE SCALE HAS NOT BEEN RAISED SINCE THE 1950S, AND THE COST OF LIVING, ALTHOUGH LOW BY WESTERN STANDARDS, HAS RISEN IN RECENT YEARS. AFTER 26 YEARS OF COMMUNIST RULE, THE CHINESE PEOPLE HAVE FOUND THAT THE STATE DOES TAKE CARE OF THE BASIC NECESSITIES.//4

//WHILE THIS IS NOT SMALL ACCOMPLISHMENT AND HAS NOT BEEN LOST ON THE PEOPLE, THEY NOW SEEM READY FOR SOMETHING MORE THAN THE BARE ESSENTIALS, AND A CYCLE OF RISING EXPECTATIONS MAY HAVE SET IN. NOW THE CHINESE ARE AGAIN BEING ASKED TO TIGHTEN THEIR BELTS AS THE LEADERS EMBARK THE COUNTRY ON A LONG-RANGE ECONOMIC PLAN DESIGNED TO BRING IT INTO THE FRONT RANKS OF THE INDUSTRIALIZED NATIONS BY THE END OF THE CENTURY.//4

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THE HARDEST HIT //

//AS WAS THE CASE LAST YEAR, THE STEEL AND RAILWAY INDUSTRIES HAVE APPARENTLY BEEN THE HARDEST HIT BY STRIKES THIS YEAR. WORK STOPPAGES CONTRIBUTED TO THE FAILURE OF THE IRON AND STEEL INDUSTRIES TO MEET PRODUCTION GOALS FOR THE FIRST HALF OF THE YEAR, AND WAGE-RELATED STRIKES ALSO CONTRIBUTED TO DISRUPTIONS IN RAIL SERVICE.//4

//THE MINISTER OF METALLURGY, UNDER OBVIOUS PRESSURE TO EXPLAIN THE SHORTAGES IN IRON AND STEEL PRODUCTION, REPORTEDLY BLAMED THEM ON TRANSPORTATION PROBLEMS. IT WAS NOT ENOUGH, AND HE HAS ALLEGEDLY BEEN DROPPED FROM HIS POST.//4

//THIS IS NOT THE FIRST TIME PEKING HAS TRIED TO SOLVE ECONOMIC PROBLEMS BY FINDING A SCAPEGOAT. THE METHOD DOES LITTLE TO RESOLVE THE BASIC ISSUE. WORKER STRIKES FOR HIGHER WAGES, NOT THE MINISTER OF METALLURGY, HAVE CREATED THE PRODUCTION PROBLEMS. PEKING HAS ISSUED MORE DIRECTIVES TO THE STEEL AND RAILWAY INDUSTRIES, INCLUDING ONE THAT REPORTEDLY PROHIBITS STRIKES-ALL TO NO AVAIL. AS FOR THE WAGE PROBLEM, PEKING HAS EVIDENTLY DUCKED IT AGAIN THIS

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YEAR WITH A DIRECTIVE SAYING THE ISSUE IS STILL BEING INVESTIGATED.//Y

//THE STRIKES CONTINUED AT LEAST THROUGH AUGUST. VICE PREMIER CHANG CHUN-CHIAO, IN HIS SPEECH TO THE NATIONAL PEOPLE'S CONGRESS, TOOK NOTE OF THE CONSTITUTIONAL RIGHT TO STRIKE BUT WARNED THAT CHINA OPERATES ON A NO WORK - NO PAY BASIS. THIS TIME, NEITHER HIS THREAT NOR STATEMENTS BY PROVINCIAL OFFICIALS THAT STRIKES WILL NOT BE TOLERATED HAVE INTIMIDATED THE WORKERS.//Y

//BESIDES BEING DENIED A PAY RAISE, WORKERS HAVE BEEN ASKED, IN CONJUNCTION WITH THE "BOURGEOIS RIGHTS" CAMPAIGN, TO WORK OVERTIME WITHOUT PAY. EXHORTATIONS LIKE THIS MAY WELL HAVE ONLY STIFFENED THE WORKERS' RESOLVE NOT TO GIVE IN. PEKING'S CURRENT ECONOMIC PUSH, WHICH DEPENDS HEAVILY ON WORKER COOPERATION, HAS LEFT CHINA'S LEADERS VULNERABLE TO PRESSURE FROM THE WORKERS, AND THE WORKERS HAVE BEEN DEMANDING MORE COMPENSATION FOR THEIR COOPERATION.//Y

A DILEMMA

//THESE DEMANDS PRESENT PEKING WITH A DILEMMA. AN ACROSS-THE-BOARD PAY RAISE WOULD BE IMMENSELY COSTLY TO PEKING, AND GIVING IN

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TO WORKERS' DEMANDS WOULD SET A POTENTIALLY DISRUPTIVE PRECEDENT AT A TIME WHEN PEKING IS TRYING TO PROMOTE NATIONAL STABILITY.//4

REPRESSIVE MEASURES AGAINST THE STRIKERS WOULD PRESENT EVEN GREATER HAZARDS. THE CONSTITUTIONAL RIGHT TO STRIKE HAS REPORTEDLY PREVENTED THE ARREST OF STRIKERS. MOREOVER, CHINA IS NOMINALLY A "WORKERS' STATE" AND THE AUTHORITIES ARE PROBABLY RELUCTANT TO PRESENT A PICTURE TO THE REST OF THE COUNTRY AND THE OUTSIDE WORLD OF A NATION THAT USES WIDESPREAD FORCE AGAINST ITS WORKERS.//4

//VICE PREMIER TENG HSIAO-PING REPORTEDLY TOLD TOP PARTY LEADERS IN JANUARY THAT ONE OF THE FIRST ORDERS OF BUSINESS WAS FOR THE GOVERNMENT TO ESTABLISH A GOOD REPUTATION FOR ITSELF AMONG THE PEOPLE. ALTHOUGH THE GOVERNMENT'S REPUTATION MAY BE TARNISHED BY ITS SEEMING INABILITY TO COPE WITH THE STRIKERS, ITS IMAGE WOULD CERTAINLY NOT BE BRIGHTENED BY THE USE OF HARSH MEASURES AGAINST THEM. SOME WITHIN THE LEADERSHIP MAY EVEN SYMPATHIZE IN PART WITH THE WORKERS' DEMANDS.//4

PEKING HAS USED TROOPS IN CASES WHERE PRODUCTION WAS BEING DISRUPTED BY FACTIONALISM-I.E., POLITICALLY MOTIVATED DISPUTES

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BETWEEN GROUPS OF WORKERS THAT HAVE OCCASIONALLY RESULTED IN FIGHTING AND EVEN BLOODSHED. WE HAVE NO EVIDENCE THAT TROOPS HAVE BEEN USED AGAINST STRIKES^R COMPLAINING ABOUT WAGES, EITHER TO MAKE THEM RETURN TO THEIR JOBS OR TO FILL IN FOR ABSENT WORKERS.//4

//AFTER FOUR YEARS OF GRADUALLY REMOVING THE ARMY FROM FACTORIES, SCHOOLS, AND OTHER CIVILIAN ORGANIZATIONS IN THE INTERESTS OF RESTORING THE PARTY AS THE MAIN SOURCE OF AUTHORITY, PEKING CLEARLY IS RELUCTANT TO TURN TO THE ARMY TO SOLVE EVERY CASE OF DISORDER.//4

//PEKING OBVIOUSLY CANNOT ALLOW THE STRIKES TO GO ON INDEFINITELY AND WILL EVENTUALLY HAVE TO COME TO GRIPS WITH THE WAGE ISSUE-OR USE FORCE AGAINST THE STRIKERS. ONE THEORY ADVANCED BY SOME CHINESE IS THAT LOWER PAID WORKERS WILL SOON RECEIVE A RAISE WHILE HIGHER-PAID WORKERS WILL HAVE TO TAKE A SLIGHT PAY CUT. THIS MOVE WOULD OBVIOUSLY RUN THE RISK OF ANTAGONIZING THE HIGHER PAID WORKERS, WHO PRESUMABLY ARE AMONG THE MOST HIGHLY SKILLED.//4

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//PEKING'S ULTIMATE DECISION IN THIS MATTER WILL CERTAINLY
 CARRY WITH IT SIGNIFICANT ECONOMIC AND POLITICAL COSTS. THIS
 PRESUMABLY ACCOUNTS FOR PEKING'S PROLONGED HAND-WRINGING OVER THE
 ISSUE. {SECRET NO FOREIGN DISSEM} E-2 IMPDET.H //

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WESTERN HEMISPHERE BRIEF 147-75.4

VENEZUELA: VENEZUELA'S DIFFICULTIES IN WORKING OUT A GOVERNMENT-TO-GOVERNMENT OIL DEAL WITH JAPAN UNDERSCORE ITS CONTINUING DEPENDENCE ON THE MARKETING CHANNELS OF THE OIL COMPANIES.4

THESE DIFFICULTIES, FORESEEN BY THE PEREZ GOVERNMENT, PROMPTED CARACAS TO INCORPORATE IN ITS NATIONALIZATION LAW A PROVISION FOR RETAINING THE MARKETING SERVICES OF THE COMPANIES. CARACAS IS NEGOTIATING THREE- TO FIVE-YEAR MARKETING CONTRACTS WITH SEVERAL OF THE COMPANIES WITH THE LARGEST VENEZUELAN HOLDINGS.4

PREVIOUS VENEZUELAN OVERTURES TO OTHER COUNTRIES SUCH AS WEST GERMANY HAVE BEEN REBUFFED BECAUSE OF THEIR PREFERENCES FOR DEALING DIRECTLY WITH THE COMPANIES AND THEIR DEMANDS FOR SPECIAL CREDIT TERMS AND PREFERENTIAL PRICES IN GOVERNMENT-TO-GOVERNMENT DEALS.4

IN THE JAPANESE CASE, A GOVERNMENT AGREEMENT IS BEING HELD UP BY THE HIGH COST OF TRANSPORT TO JAPAN AND THE LOW QUALITY OF VENEZUELAN CRUDE. FOR ONE REASON OR ANOTHER, CARACAS SO FAR HAS BEEN UNABLE TO SELL THROUGH GOVERNMENT CHANNELS EVEN THE 50,000 BARRELS PER DAY OF CRUDE LIFTED BY THE STATE OIL COMPANY. {CONFIDENTIAL}

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EUROPEAN BRIEF 147-75.4

1. PORTUGAL: ADMIRAL AZEVEDO WAS SWORN IN AS PORTUGAL'S NEW PRIME MINISTER FRIDAY NIGHT, ALONG WITH A CABINET DOMINATED BY ANTI-COMMUNIST MILITARY OFFICERS AND REPRESENTATIVES OF THE DEMOCRATIC PARTIES.4

THE NEW GOVERNMENT, THE SIXTH SINCE THE MILITARY COUP LAST YEAR, INCLUDES FOUR SOCIALISTS, TWO POPULAR DEMOCRATS, AND ONLY ONE COMMUNIST—ROUGHTLY CORRESPONDING TO THE RESULTS OF THE ELECTION LAST APRIL. THE ANTI-COMMUNIST FACTION OF MAJOR ANTUNES OBTAINED THREE OF THE FIVE POSITIONS THAT WENT TO MILITARY OFFICERS. CIVILIAN TECHNOCRATS HOLD THE THREE REMAINING PORTFOLIOS.4

THE APPOINTEES ARE, BY AND LARGE, EXPERIENCED IN GOVERNMENT AFFAIRS. SEVEN HAVE HELD CABINET RANK AT ONE TIME OR ANOTHER SINCE THE MILITARY TAKE-OVER, AND THREE OTHERS HAVE SERVED AT THE SUBCABINET LEVEL.4

AZEVEDO HAS DESCRIBED HIS CABINET AS A "GOVERNMENT OF UNITY," BUT THE SOCIALISTS WILL MOST UNLIKELY BE HELD RESPONSIBLE FOR

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ITS ACTIONS. ALTHOUGH SOCIALIST PARTY HEAD SOARES STAYED OUT OF THE CABINET—INTENDING TO RUN FOR PRIME MINISTER IN THE GENERAL ELECTION THAT AZEVEDO REPORTEDLY HAS PROMISED FOR NEXT FEBRUARY—LEADING SOCIALISTS ZENHA AND CAMPINOS WILL OCCUPY THE FINANCE AND FOREIGN TRADE POSITIONS, RESPECTIVELY. THE SOCIALISTS WILL FURTHER INCREASE THEIR INFLUENCE BY THE APPOINTMENT OF FORMER SOARES AIDE SA MACHADO TO THE PRIME MINISTER'S STAFF.4

THE SOCIALISTS WILL ALSO BENEFIT BY THE APPOINTMENT OF THEIR CANDIDATES TO THE MINISTRIES OF LABOR AND INFORMATION, WHICH WERE HOTLY CONTESTED BY THE COMMUNISTS. ARMY CAPTAIN TOMAS ROSA, AN ANTUNES SUPPORTER, WAS APPOINTED TO THE LABOR POST, DESPITE HIS WORRIES EARLIER THIS WEEK THAT A COMMUNIST-BACKED CANDIDATE WOULD WIN OUT. DOCTOR ALMEIDA SANTOS, AN INDEPENDENT BUT A CLOSE PERSONAL FRIEND OF SOARES, WAS GIVEN THE INFORMATION MINISTRY. THIS MINISTRY WILL HAVE THE DIFFICULT TASK OF CARRYING OUT AZEVEDO'S EARLIER PROMISE TO BRING "DEMOCRATIC PLURALISM" TO THE COMMUNIST-DOMINATED MEDIA.4

THE RESTRUCTURING OF THE REVOLUTIONARY COUNCIL, WHICH WAS

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ANNOUNCED LATE THURSDAY NIGHT, COULD RESULT IN A FREER HAND FOR THE CABINET. THE COUNCIL WAS REDUCED IN SIZE TO 17 MEMBERS BY ELIMINATING MANY OF FORMER PRIME MINISTER GONCALVES' PRO-COMMUNIST SUPPORTERS. NINE OF THE 17 ARE IDENTIFIED WITH ANTUNES' ANTI-COMMUNIST FACTION; ONLY TWO ARE CONSIDERED TO BE COMMUNIST SYMPATHIZERS. THE REMAINING SIX COUNCIL MEMBERS ARE MORE DIFFICULT TO PIN DOWN—SUCH AS PRESIDENT COSTA GOMES, PRIME MINISTER AZEVEDO, AND INTERNAL SECURITY CHIEF CARVALHO.4

THE ANTI-COMMUNISTS CONTROL A MAJORITY, BUT UNLESS THE COUNCIL MOVES AWAY FROM WEAK COMPROMISES AND CONSENSUS RULE, IT WILL BE NO MORE EFFECTIVE THAN ITS PREDECESSORS. AN EARLY TEST FOR THE RESTRUCTURED COUNCIL WILL BE ITS DETERMINATION TO RE-ESTABLISH DISCIPLINE IN THE PORTUGUESE ARMED FORCES.4

THE COUNCIL HAS ALREADY MADE A PLAY FOR PUBLIC SUPPORT BY ABOLISHING THE UNPOPULAR PRESS LAW—PASSED EARLIER THIS MONTH—LIMITING THE INFORMATION ON POLITICAL ACTIVITY IN THE MILITARY THAT COULD APPEAR IN THE MEDIA. THE LAW HAS BEEN ATTACKED AND LARGELY IGNORED BY BOTH THE COMMUNIST AND NON-COMMUNIST PRESS.4

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WITH THIS SHIFT IN THE BALANCE OF POWER IN THE REVOLUTIONARY COUNCIL AND THE GOVERNMENT, THE COMMUNIST PARTY APPEARS TO HAVE BEEN PUT IN A POSITION SIMILAR TO THAT OF THE SOCIALISTS UNDER GONCALVES. AND, LIKE THE SOCIALISTS BEFORE THEM, THE COMMUNISTS COULD DECIDE LATER TO PULL OUT OF THE GOVERNMENT.4

THE DEMOCRATIC ORIENTATION AND PRAGMATIC ECONOMIC OUTLOOK OF THE NEW CABINET WILL BRING POSITIVE CHANGES IN GOVERNMENT POLICIES.4

THE ANTI-COMMUNIST MAJORITY IN THE CABINET WILL BE REINFORCED IN THE SUBCABINET. NEGOTIATIONS ARE NOT YET COMPLETE, BUT THE LATEST INFORMATION INDICATES THAT OUT OF A TOTAL OF 34 POSITIONS, THE SOCIALISTS WILL RECEIVE 12 AND THE CENTER-LEFT POPULAR DEMOCRATS 11.4

THE NEW GOVERNMENT IS EXPECTED TO CONCENTRATE ITS EFFORTS TOWARD ESTABLISHING A STRONGLY PRO-WESTERN FOREIGN POLICY, INSTITUTING REALISTIC ECONOMIC MEASURES TO RETARD FURTHER DETERIORATION; DIMINISHING COMMUNIST CONTROL IN THE MEDIA AND LABOR ORGANIZATIONS; AND PLANNING FOR LOCAL, NATIONAL ASSEMBLY, AND PRESIDENTIAL ELECTIONS—WHICH, ACCORDING TO SOCIALIST LEADER SOARES,

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PRIME MINISTER AZEVEDO HAS PROMISED FOR FEBRUARY.4

NEW FOREIGN MINISTER ANTUNES, WHO WAS FORMERLY KNOWN TO FAVOR AN ALLIANCE WITH THE THIRD WORLD, APPEARS TO RECOGNIZE THE NEED FOR STRONG TIES TO WESTERN EUROPE AT THIS TIME. SOCIALIST LEADERS, WHO STRONGLY SUPPORT CLOSE RELATIONS WITH EUROPEAN SOCIAL DEMOCRATS, HAVE FULL CONFIDENCE IN ANTUNES' WESTERN ORIENTATION. BOTH ANTUNES AND FOREIGN TRADE MINISTER CAMPINOS, A SOCIALIST, HAVE MADE FAVORABLE IMPRESSIONS ON EUROPEAN OFFICIALS IN THE PAST AND CAN BE EXPECTED TO BEGIN EFFORTS TO ATTRACT AID FOR PORTUGAL FROM WESTERN EUROPE AND THE US.4

THE NEW ECONOMIC TEAM, ALSO DOMINATED BY THE SOCIALISTS, WILL CONCENTRATE ON REPAIRING THE DAMAGE DONE TO THE ECONOMY BY THE RADICAL INITIATIVES OF THE GONCALVES REGIME. THE TEAM IS NOT EXPECTED TO RESCIND THE NATIONALIZATION AND AGRARIAN REFORM MEASURES ALREADY IN EFFECT, BUT IT WILL ATTEMPT TO CONSOLIDATE AND ORGANIZE THE COMPANIES AND LAND THAT NOW BELONG TO THE GOVERNMENT.4

THE SOCIALISTS PLAN TO CALL FOR LONG-TERM ECONOMIC RECOVERY MEASURES AFTER THEY HAVE RECEIVED LEGITIMATE AUTHORITY THROUGH

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ELECTIONS.4

THE SOCIALISTS' SCHEME ALSO CALLS FOR ELIMINATING COMMUNIST STRONGHOLDS IN LOCAL GOVERNMENTS, LABOR, AND THE MEDIA. THE THREE CABINET POSITIONS THAT BEAR ON THESE CRITICAL AREAS ARE HELD NOT BY SOCIALISTS BUT BY INDIVIDUALS WHO ARE JUDGED TO BE WELL QUALIFIED AND STRONGLY ANTI-COMMUNIST.4

--COMMANDER ALMEIDA E COSTA, THE NEW INTERIOR MINISTER, WAS LARGELY RESPONSIBLE FOR ORGANIZING THE CONSTITTUEUT ASSEMBLY ELECTION IN APRIL; THE BALLOTING WAS RUN FAIRLY, DESPITE HEAVY COMMUNIST INFLUENCE IN THE GOVERNMENT.4

--LABOR MINISTER TOMAS ROSA, AN ARMY CAPTAIN, WHO REPORTEDLY INTENDS EVENTUALLY TO REMOVE ALL COMMUNISTS FROM KEY POSITIONS IN HIS MINISTRY.4

--INFORMATION MINISTER ALMEIDA SANTOS IS, [REDACTED]

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[REDACTED] CONSIDERED CAPABLE OF WEAKENING THE COMMUNISTS' DOMINATION OF THE PRESS, RADIO, AND TELEVISION.4

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REACTION TO THE NEW GOVERNMENT HAS BEEN LIGHT. THE SOCIALISTS ISSUED A COMMUNIQUE PRAISING THE CABINET AND THE PRIME MINISTER. THE COMMUNISTS' STATEMENT WAS DEFENSIVE, EXPLAINING THAT THEY ACCEPTED ONE PORTFOLIO ONLY TO PREVENT A RIGHT-WING GOVERNMENT FROM TAKING CONTROL.4

THE COMMUNISTS' GRUDGING ACCEPTANCE OF THE NEW CABINET IS NOT SHARED BY THE VARIOUS EXTREME LEFT-WING ORGANIZATIONS. THESE GROUPS HAVE BEEN CRITICAL OF ALL GOVERNMENTS SINCE THE MILITARY COUP, BUT THERE IS CONCERN NOW THAT DISTRUST OF A SOCIALIST-DOMINATED GOVERNMENT MAY LEAD TO A WAVE OF TERRORIST ACTIVITY. SEVERAL ARMED GROUPS BASED IN LISBON WERE ACTIVE DURING THE SALAZAR AND CAETANO REGIMES.4

RIGHT-WING EXILE GROUPS PROBABLY POSE A MORE SERIOUS THREAT TO THE NEW GOVERNMENT. ONE OF THEM, THE PORTUGUESE LIBERATION ARMY, HAS CLAIMED RESPONSIBILITY FOR THE BOMBING YESTERDAY OF A NAVY BUILDING WHERE PRIME MINISTER AZEVEDO WAS STAYING. THE GROUP IS REPORTEDLY BASED IN SPAIN AND CONNECTED WITH FORMER PRESIDENT SPINOLA'S FORCES. {CONFIDENTIAL} E-2 IMPDET.4

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MIDDLE EAST AFRICA BRIEF 147-75.4

2. INDIA: A MOVE BY THE INDIAN SUPREME COURT FRIDAY MEANS THAT THE COURT IS UNLIKELY TO REACH DECISIONS ON PRIME MINISTER

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GANDHI'S CURRENT LEGAL BATTLES FOR SEVERAL MORE WEEKS.

THE COURT ANNOUNCED IT WAS BROADENING THE SCOPE OF ITS HEARINGS ON THE LEGALITY OF THE CONSTITUTIONAL AMENDMENT, PUSHED THROUGH PARLIAMENT LAST MONTH, THAT NULLIFIED GANDHI'S CONVICTION BY A LOWER COURT IN JUNE FOR ELECTION LAW VIOLATIONS IN HER 1971 CAMPAIGN.

THE COURT SAID IT WOULD NOT RULE ON THE AMENDMENT UNTIL AFTER IT HAD HEARD ARGUMENTS FROM LAWYERS FOR GANDHI AND HER OPPONENTS ON HER APPEAL OF THE LOWER COURT'S VERDICT AND ON OTHER LEGISLATION ENACTED LAST MONTH TO PROTECT THE PRIME MINISTER'S POSITION. THE COURT'S MOVE APPARENTLY IS DESIGNED TO LET IT HOLD HEARINGS ON ALL ASPECTS OF GANDHI'S LEGAL BATTLES BEFORE ISSUING ANY DECISIONS.

INFORMATION AVAILABLE SO FAR ON FRIDAY'S ACTION SUGGESTS THAT IT DOES NOT GIVE ANY IMPORTANT ADVANTAGES TO EITHER GANDHI OR HER OPPONENTS. [REDACTED] HAD REPORTED IT WAS POSSIBLE—BUT NOT LIKELY—THAT THE SUPREME COURT WOULD RULE AGAINST GANDHI BY INVALIDATING THE AMENDMENT. AN ADVERSE RULING

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PROBABLY WOULD NOT POSE ANY IMMEDIATE THREAT TO GANDHI'S POLITICAL POSITION, BUT IT WOULD WEAKEN THE CHANCES FOR ANY MAJOR EARLY RELAXATION OF THE AUTHORITARIAN CONTROLS SHE IMPOSED IN JUNE. {CONFIDENTIAL} E-2 IMPDET.H

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